

May 3, 2012

To: House Health Policy Committee

From: Friends of Certificate of Need

**As a member of the House Committee responsible for overseeing Michigan's Certificate of Need (CON) program, we urge you to support the program, the CON Commission and MDCH staff that administers it. We ask you to resist attempts to weaken the program.**

Michigan CON was created in the mid-1970s in response to the national CON requirement initiated by President Nixon. Michigan CON has been supported by all Republican and Democratic governors in the last 40 years. The program is a recognized national leader in avoiding duplicative and thus very costly hospitals, surgical programs, other health facilities and advanced health services (e.g., imaging, open heart surgery, and other advanced services).

CON is one of the key reasons why per capita health costs are generally lower in Michigan than elsewhere in the Great Lakes region and in other states with significant competitors for Michigan businesses. For example, **repeated studies by Chrysler, Ford and GM have shown that their per capita health costs are lower in strong CON states, like Michigan.**

In response to legislative direction, the Commission has increased emphasis on the accessibility to health services for indigent and rural residents and the Commission has strengthened requirements that improved the quality of health outcomes.

"Friends of CON" consists of a broad range of Michigan business, consumer, hospital, payer, union and other associations. We actively support CON because we find it to be an effective tool to avoid unnecessary costs while improving access to quality health services.

**We request your support for Michigan's CON law and program because:**

- **CON Saves Taxpayers' Dollars:** CON helps avoids duplicative spending on hospitals and advanced health services. For example, two-thirds of inpatient hospital costs are paid by taxpayers. That is the result of the combined spending on Medicare (for elderly and disabled), Medicaid (indigent), other public dependents, and public employees.
- **CON Constrains Employer and Employee Health Costs:** The 3 US auto companies and the UAW have cooperated on periodic analyses of their combined health cost data for all employees. They consistently found that per capita health costs in states with a significant auto presence were lower in strong CON states (Michigan's has the lowest costs of all auto states). Thus, CON is a plus for Michigan as we compete for renewed auto employment. Others report of CON's positive cost impact for employers and employees in general.
- **CON Promotes Higher Quality:** The same US auto studies also showed that residents in states with strong CON are much less likely to be exposed to health risks associated with inappropriate and/or medically unnecessary procedures.

- **CON has Become More Efficient:** The Commission and MDCH have regularly made improvements in CON criteria and administration. CON law requires the Commission to review every 3 years what CON regulates and the criteria for approving applications and reports back on their findings. As a result, CON criteria are more regularly updated to reflect changes in medical practice. The CON program is self-supporting, based on fees for applications, resulting in no general fund burden. The Michigan CON program was one of the first in the US to implement on-line application and reporting processes.
- **States that Repealed CON often had a Proliferation of Unneeded/Duplicative Facilities and Services, especially in high income areas, already amply served:** For example, when Ohio and Pennsylvania repealed their CON laws, there was an explosion of spending on unneeded and duplicative specialty facilities. This threatened the financial viability of existing hospitals and health programs, critical for citizens' access to basic and emergency services. That also generated significant cost increases.
- **CON Commission is a Broad-based Representative and Bi-partisan Group:** The law requires members to be representatives of key stakeholder groups in health care (consumers, employers, payers and providers), and an even balance of Democrats and Republicans. Members of the CON Commission are appointed by the Governor.

All consumers, payers, providers, purchasers and taxpayers gain from Michigan's efficient and responsive CON program. CON establishes a reasonable balance among the objectives of accessibility, affordability, and quality when determining what and when additional health care capacity is needed.

Please contact us at our e-mail address – [focon@sbcglobal.net](mailto:focon@sbcglobal.net) -- with any questions and any requests for further information.

**We urge you to maintain the CON law and support the Commission and Department's roles. Please oppose proposals to bypass or weaken Michigan's CON program.**

Sincerely,

Friends of Certificate of Need

(Please see the attached page for member organizations)

## **Associations, Consumers, & Payers**

Blue Cross Blue Shield of Michigan  
Detroit Regional Chamber  
Economic Alliance for Michigan  
Grand Rapids Area Chamber of Commerce  
Michigan Chamber of Commerce  
Michigan Manufacturers Association  
Small Business Association of Michigan  
Value Health Partners

## **Businesses**

Chrysler Group, LLC  
Delphi Corporation  
Ford Motor Company  
General Motors Company  
ITH Staffing Solutions  
Kushner & Company  
Lear Corporation  
Meijer, Inc.

## **Labor Organizations**

International Union, UAW  
Michigan State AFL-CIO  
Michigan Education Association  
United Steelworkers, District 2  
SEIU Michigan State Council  
Utility Workers, Local 223

## **Hospitals & Health Systems**

Botsford General Hospital, Farmington Hills  
Beaumont Hospital, Grosse Pointe  
Beaumont Hospital, Royal Oak  
Beaumont Hospital, Troy  
Bronson Battle Creek, Battle Creek  
Bronson Hospital, Kalamazoo  
Bronson Hospital, Vicksburg  
Covenant Medical Center, Saginaw  
Crittenton Hospital, Rochester

## **Hospitals & Health Systems (con't.)**

Genesys Health System, Grand Blanc  
Marquette General Health System, Marquette  
MidMichigan Health, Midland  
MidMichigan Medical Center, Midland  
MidMichigan Medical Center, Clare  
MidMichigan Medical Center, Gladwin  
Munson Healthcare, Traverse City  
Munson Medical Center, Traverse City  
Oaklawn Hospital, Marshall  
Oakwood Healthcare, Inc., Dearborn  
Oakwood Annapolis Hospital, Wayne  
Oakwood Hospital & Medical Ctr., Dearborn  
Oakwood Heritage Hospital, Taylor  
Oakwood Southshore Medical Ctr., Trenton  
Spectrum Health System, Grand Rapids  
Butterworth Hospital, G.R.  
Blodgett Hospital, G.R.  
Helen DeVos Children's Hospital, G.R.  
Gerber Memorial Hospital, Fremont  
Kelsey Memorial Hospital, Lakeview  
Reed City Hospital, Reed City  
Spectrum Health Continuing Care, G.R.  
United Memorial Hospital, Greenville  
Zeeland Community Hospital, Zeeland  
Trinity Health-Michigan, Novi  
Mercy General Health Partners, Muskegon  
Mercy Hospital, Cadillac  
Mercy Hospital, Grayling  
Mercy Hospital, Port Huron  
St. Mary's Health Care, Grand Rapids  
St. Joseph Mercy Livingston Hospital, Howell  
St. Joseph Mercy Oakland, Pontiac  
St. Joseph Mercy of Macomb, Clinton Twp.  
St. Joseph Mercy Saline Hospital, Saline  
St. Joseph Mercy Hospital, Ann Arbor  
St. Mary Mercy Hospital, Livonia

